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THE VOICE OF BUSINESS IN EUROPE

SPEECH

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LEWIATAN ANNUAL AWARDS GALA

GUEST SPEAKER: ERNEST-ANTOINE SEILLIÈRE, UNICE PRESIDENT

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ISSUES TO RAISE:
- BUSINESS AND ENLARGEMENT
- COMPETITIVENESS OF EUROPEAN BUSINESS
- UNICE DAY 17 OCTOBER 2006

President Bochniarz, Ladies and Gentlemen,

It is with great pleasure that I have accepted the invitation of the Polish Confederation of Private Employers – PKPP LEWIATAN - to address a few words on the competitiveness of European business in this Gala event. Let me take this occasion to congratulate President Bochniarz for her strong commitment to the European affairs and the work UNICE done.

Before the presentation of two 2005 awards I would like to share with you general views on advantages and challenges for new Member States two years after EU enlargement, with a particular focus on the experience of business.

As UNICE has already said loud and clear, enlargement is a golden opportunity to boost Europe's competitiveness, and thus for more Growth and Jobs. In a special Presidents meeting held in Paris on 7 April, UNICE and its member federations adopted a six point declaration calling for a boost to Europe. Among them, we wants to clearly communicate that enlargement is an opportunity not a threat.

Central and Eastern European countries joined the Union in 2004, but for companies, enlargement happened a long time before that. Companies understood very early the vast opportunities of an internal market of more than 450 million people.

It is clear that an Internal Market of 25 and more countries will, if fully realised, offer tremendous opportunities for all European citizens. Moreover, enlargement creates healthy pressure for structural reforms, as many of the new Member States have undergone profound changes in their economic and political structures, and for catching up with much more dynamic growth rates than the EU average. This dynamism should push economic laggards in the EU to accelerate their own economic reforms.

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Nevertheless, we have to be frank too and recognize that the EU enlargement, the largest ever, has also scared part of the public opinions in the other EU countries. This is not new; we have experienced this before, European citizens become more sensitive about change at times when the EU expands. It makes it, however more difficult to pass those laws that we, business, support for sake of an efficient single market.

Allow me now to focus on change: New Member States know a lot about change: the European business community has urged the European institutions to take this experience and to spread the positive attitude towards changes across the entire European Union.

After two years of a European Union of 25 Member States, we can consider, from an economic point of view that the enlargement has had positive economic impact on all EU Member States, notably on trade and investment.

The Spring UNICE Economic Outlook has clearly proven that the new Member States are one of the sources for more growth in Europe. UNICE forecasts growth expectations in 2006 are for the Euro area around 2.1%; but for EU25 2.4%. The best performing countries are to be found in the members that joined the EU in May 2004, with an average growth rate of about 4.8% in 2006. It is recognised as a fact that the new Member States are the reason for more growth in Europe.

[In individual cases, the results are also significant: UNICE growth forecast for Poland is 5.0%, which compares with the more mature European economies such as Italy 1.5%, Germany 1.8% or France 1.8%. Poland is a very good example of the good performances of the Central and Eastern European Member States. In Poland, growth is expected to stabilise at 5% in 2006, which means a strong stimulus to this major economy and reflects the great attractiveness of such a fast-growing economy for Foreign Direct Investment]

But let me be clear and frank: challenges are also important. Transition economies from new European countries need to make profound transformations. This is also the major challenge for countries such as Poland: catching up quickly. We have to admit that Central and Eastern European Member States still have a long way to close the prosperity gap with EU 15. These countries have an average per capita GDP below 60% of the EU average. The most important challenge now is to advance real convergence without jeopardising macroeconomic and financial stability. Speeding up convergence will help to ease the excessive fears about its consequences by making increasingly obvious the benefits of this historic enlargement.

But beyond the challenges, it cannot be denied that huge business opportunities have already been created well before May 2004 for the EU and all its Member States.

UNICE strongly believes that the Barroso strategy for Growth and Jobs is the way to move forward and to pull Europe out of its lethargy. The goal for the next years must be crystal clear: to focus on growth and jobs in order to be able to live up to our social and environmental ambitions. For the European business community that must be translated in the creation of an environment conducive to doing business, because sustainable growth and secure jobs can only be created by companies. Many of the new Member States have understood that, and created a reform dynamism from which the rest of Europe can learn.

Among them, we have here this afternoon the PKPP Lewiatan awarded who I would like to warmly congratulate on behalf of the audience gathered at the Lewiatan Annual Awards Gala. Europe needs active business entrepreneurs who know what is really important for EU economic policy and what Europe really needs: growth and jobs.

After finishing my intervention, I would like to invite all of you to the UNICE Day 2006 which will take place in Brussels next 17 October under the motho *"Why do companies care about Europe?"*. Our intention is to join together business people and politicy-makers to have an open debate on the efficiency and the objective of Europe and its companies. Your ideas, your presence and your support will be more than welcomed.

Thank you

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